

Press Releases

November 13, 1996

OTS 96-72 - OTS Seeks Comment on Second-Tier Mutual Holding Company

Office of Thrift Supervision

News Release

FOR RELEASE at 9:30 a.m. EST

For further information

Wednesday, November 13, 1996

Contact: Paul Lockwood

OTS 96-72

202/906-6693

OTS SEEKS COMMENT ON SECOND-TIER MUTUAL HOLDING COMPANIES

WASHINGTON, D.C., Nov. 13, 1996 -- Should a federal mutual holding company be permitted to establish an intermediate, state-chartered stock holding company that would hold all the stock of the thrift subsidiary?

OTS is seeking public comment on that question after receiving industry inquiries about a second-tier mutual holding company structure. OTS said it will determine whether to draft a regulation covering such a situation after reviewing comments received on a notice published in today's Federal Register.

Currently, a mutual holding company must hold at least 51 percent of the stock of a subsidiary savings association. The rest of the stock may be sold to the public. Depositors of the thrift own the mutual holding company.

As envisioned, the multi-tier arrangement would add a state-chartered, intermediate stock holding company between the thrift and mutual holding company. All savings association stock would be owned by the intermediate holding company. The intermediate could sell up to 49 percent of its stock to the public, with at least 51 percent held by the mutual holding company. The mutual holding company would be still be owned by the depositors of the subsidiary savings association.

Entities interested in forming such a structure have argued that the arrangement would minimize taxes in a stock repurchase program and facilitate acquisitions.

OTS will accept comments for 30 days. Written comments should be addressed to Manager, Dissemination Branch, Records Management and Information Policy Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington DC 20552.

###

The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.